

CIRCULATE TO:  
DIRECTOR  
PETROLEUM ENGINEER  
MINE COORDINATOR  
ADMINISTRATIVE ASSISTANT  
ALL

RETURN TO W.A.M.  
FOR FILING

October 20, 1976

Rio Algom Corp.  
Mr. J. Gordon Littlejohn  
120 Adelaide Street West  
Toronto 1 Ontario  
Canada

Re: Surety for the  
Lisbon Mine and Humecca Mill  
San Juan County, Utah

ACT-037-001 (A) (B)

Dear Mr. Littlejohn:

We sent the surety escrow forms to you last week under separate cover, I trust you have received these forms by now.

In discussing the escrow fund for the Rio Algom Mine and Mill Mr. Jack Feight, our Director, and I would like to see the basic escrow agreements in the full amounts as the vehicle for these two (2) sureties with provisions included for the following items in the agreement:

1. Credit will be applied to the escrow fund for accrued interest in the account.
2. For work which has been performed pursuant to the approved reclamation plan, while operations are ongoing, credit can be applied to the escrow fund.
3. If the mill or the mine closes before the expected life of the facility is over, Rio Algom will be responsible for the reclamation work only and not the total amount of surety computed on the basis of inflated prices twenty five (25) years from the present.

Modifications of the surety forms may be made by your company but of course will be subject to the Board's approval.



Mr. J. Gordon Littlejohn  
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You might consider sending your draft surety or escrow form to us for review prior to your coming to Utah on the 8, 9, or 10th of November.

Please contact us if we can assist your efforts.

Very Truly Yours,

DIVISION OF OIL, GAS, AND MINING

Ronald W. Daniels  
Coordinator of Mined  
Land Development

RWD/lm